HEALTHWAY MEDICAL CORPORATION LIMITED
Registration No.: 200708625C

PROPOSED ACQUISITION BY INTERNATIONAL HEALTHWAY CORPORATION LIMITED OF ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF HEALTHWAY MEDICAL CORPORATION LIMITED BY WAY OF A SCHEME OF ARRANGEMENT

- SECOND SUPPLEMENTAL AGREEMENT

1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Healthway Medical Corporation Limited (the "**Company**") refers to the following announcements:

(a) the announcement dated 19 June 2015 (the "**19 June Announcement**") in relation to:

(i) the proposed acquisition by International Healthway Corporation Limited ("**IHC**") of all the issued and paid-up ordinary shares in the capital of the Company (the "**Shares**") by way of a scheme of arrangement (the "**Scheme**") under Section 210 of the Companies Act, Chapter 50 of Singapore and in accordance with the Singapore Code on Take-overs and Mergers; and

(ii) IHC's and the Company's entry into an implementation agreement (the "**First Agreement**") to implement the Scheme;

(b) the announcement dated 3 September 2015 in relation to the entry into a supplemental agreement to the First Agreement (the "**First Supplemental Agreement**") with IHC to amend certain terms of the First Agreement; and

(c) the announcement dated 16 September 2015 in relation to IHC's and the Company's decision to enter into a second supplement agreement (the "**Second Supplemental Agreement**") to revise the First Agreement as amended by the First Supplemental Agreement (the "**Implementation Agreement**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as ascribed to them in the 19 June Announcement.

1.2 The Scheme is subject to the compliance of the relevant provisions of the Singapore Code on Take-overs and Mergers (the "**Code**"), subject to the necessary waivers or exemptions as are obtained by the relevant parties. As the Scheme Consideration and exchange ratio for the share exchange between IHC's shares and the Company's shares have been fixed in the Implementation Agreement, the terms of the Implementation Agreement cannot be varied unilaterally. Notwithstanding so, the terms have been improved and the details of which are set out in paragraph 2 of this Announcement.

2. AMENDMENT TO THE IMPLEMENTATION AGREEMENT

Pursuant to the Second Supplemental Agreement, the amendment to the Implementation Agreement is as follows:

2.1 The Scheme Consideration referred to in paragraph 3.1(b) of the 19 June Announcement in the context it appears in the First Agreement and reproduced below:

> *"Scheme Consideration. The consideration for each Share is S$0.10. The consideration shall be satisfied through the allotment and issuance of new ordinary shares in the capital of IHC (the "**IHC Shares**") to the Shareholders (the "**Consideration Shares**"). The issue price of each Consideration Share is S$0.45.*

Upon the Scheme becoming effective and on the Transfer Date, each of the Shareholders will be entitled to receive new IHC Shares based on the ratio of 1 IHC Share for every 4.5 Shares held as at the Books Closure Date. Any fractional entitlements of the Consideration Shares shall be disregarded. The Consideration Shares shall be issued fully paid, free from all and any Encumbrances and rank pari passu in all respects with the then existing IHC Shares."

has been deleted in its entirety and replaced with the following:

*"Scheme Consideration. The consideration for each Share is S$0.10. The consideration shall be satisfied through the allotment and issuance of new IHC Shares to the Shareholders (the "**Consideration Shares**"). The issue price of each Consideration Share is S$0.43. Upon the Scheme becoming effective and on the Transfer Date, each of the Shareholders will be entitled to receive new IHC Shares based on the ratio of 10 IHC Share for every 43 Shares held as at the Books Closure Date. Any fractional entitlements of the Consideration Shares shall be disregarded. The Consideration Shares shall be issued fully paid, free from all and any Encumbrances and rank pari passu in all respects with the then existing IHC Shares."*

2.2 The revised ratio for the swap of the Shares with the Consideration Shares was arrived at after taking into consideration, amongst others:

(a) the net tangible assets per IHC Share and the Company as at 30 June 2015; and

(b) the relative volume weighted average price of IHC and the Company for the period from 1 April 2014 to 31 March 2015 (which excludes the share price of IHC from April 2015 to the present, being the subject of an SGX-ST caution released on 9 September 2015).

2.3 The Parties have also agreed that the Second Supplemental Agreement shall be conditional upon clearance from the Securities Industries Council of Singapore (if required).

3. INDEPENDENT FINANCIAL ADVISER

The terms of the Scheme (including the revised terms set out in paragraph 2 of this Announcement) are subject to the advice of the independent financial adviser (the "**IFA**"), who will advise the Directors to enable them to make a recommendation to the Shareholders in connection with the Scheme. Full details of the Scheme including the recommendation of the Independent Directors to the Shareholders on the Scheme along with the formal opinion of the IFA (the "**IFA Letter**") will be included in the Scheme Document.

4. RESPONSIBILITY STATEMENT

The Directors (including those who have delegated detailed supervision of this announcement) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this announcement are fair and accurate and that there are no material facts not contained in this announcement, the omission of which would make any statement in this announcement misleading, and they jointly and severally accept responsibility accordingly. Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement.

5. **GENERAL INFORMATION**

A copy of the Second Supplemental Agreement is available for inspection during normal business hours at the registered office of the Company at 2 Leng Kee Road #06-07 Thye Hong Centre Singapore 159086 for three months from the date of this announcement or up until the Effective Date, whichever is the later.

In the meantime, Shareholders are advised to refrain from taking any action in relation to their

Shares which may be prejudicial to their interests and to exercise caution when dealing in the Shares, until they or their advisers have considered the information and the recommendations of the Independent Directors, as well as the advice of the independent financial adviser, which will be set out in the Scheme Document to be issued by the Company in due course.

By Order of the Board

Yeow Ming Ying
Executive Director
21 September 2015

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*This announcement has been prepared by Healthway Medical Corporation Limited (the "**Company**") and its contents have been reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income At Raffles, Singapore 049318, telephone (65) 6229 8088.